COMPTROLLER'S OFFICE, BANGALORE.

Memorandum No. 218, *S. B., dated 2nd April* 1932.

SUBJECT.—Instructions to Depositors and Treasury Officers regarding the receipt of Fixed Deposits in Government Savings Banks for seven years at 5½ per cent interest per annum.

In Government Order No. Fl. 7017-67—G. F. 50-31-3, dated 15th March 1932, the receipt of Fixed Deposits in Government Savings Banks for seven years at five and a half per cent interest per annum has been sanctioned, as supplementary to the scheme of receiving five-year five per cent fixed deposits. The following detailed instructions regarding seven-year deposits, approved in Government Order No. Fl. 7411—G. F. 50-31-5, dated 30th March 1932, are accordingly issued for the guidance of intending depositors and Treasury Officers :—

(1) Fixed Deposits for seven years will be received from any person—whether a Savings Bank Depositor or not—in all District and Taluk Treasuries which carry on Savings Bank transactions.

(2) There is no maximum or minimum limit to the amount of deposits but they should be in even hundreds of rupees. A person may make any number of deposits.

(3) For each deposit, Fixed Deposit Receipt will be issued from the Comptroller's Office and delivered to the depositor through the treasury concerned. The depositor will be granted by the treasury a temporary receipt in the first instance, the same being surrendered on the delivery of the regular receipt. The Fixed Deposit Receipt should be carefully preserved and should be presented at the Treasury when interest is claimed, and should be surrendered to the treasury, duly acknowledged, when repayment is required.

(4) Interest will be paid at five and a half per cent per annum half-yearly calculated from the date of deposit and is exempt from income-tax.

(5) The holders of five-year five per cent Fixed Deposits are allowed the option of converting the five-year deposits into one of seven years at 5½ per cent (Five and a half per cent) interest per annum from the date of application, the claim for interest on the deposits up to the date of application being settled at 5 (five) per cent per annum. In such cases, the original five-year Fixed Deposit Receipt must be surrendered to the Comptroller through the treasury.

(6) Repayment before the expiry of seven years from the date of deposit is not permissible under the scheme. But if for special reasons repayment is desired before the expiry of seven years from the date of deposit, it may be allowed, at the discretion of the Comptroller, but subject to the condition that the interest payable will be at the rate of interest allowed, from time to time, for full year deposits in the Savings Bank, for complete years of deposit, calculated from July to June, and at 3 1/8 per cent (three and one-eighth per cent) per annum, for complete months left over, no interest being payable for fractions of a month. Excess interest at five and a half per cent paid for previous periods, if any, will be adjusted at the time of repayment from the amount repaid.

(7) The Fixed Deposit Receipt will be not negotiable and payment of interest and principal will ordinarily be allowed only in the treasury in which the deposit is accepted. The Comptroller may, however, on application order at his discretion the transfer of the deposit from one person to another or from one treasury to another.

(8) Arrangements will be made to pay interest on the due dates to depositors living outside the State by sending cheques or drafts on the nearest Imperial Bank, if they send their Fixed Deposit Receipts and Interest Vouchers to the Comptroller's Office on due dates or if they deposit the Fixed Deposit Receipts in the Comptroller's Office for safe custody. In the latter case, a receipt for the safe custody of the Fixed Deposit Receipt will be given to them.

(9) Depositors may register the names of nominees to whom interest and principal may be paid in case of death in the same manner as nominations are made for Savings Bank Accounts.

S. SHAMANNA,
Comptroller.